

REMARKS

The present application was filed on November 9, 2000 with claims 1 through 35. Claims 1 through 35 are presently pending in the above-identified patent application. Claims 1, 17, and 32 are proposed to be amended and claims 6-16, 22-31, and 33-36 are proposed to be cancelled herein.

In the Office Action, the Examiner advised that the Applicant should cancel the claims that were not elected in the Response to Restriction Requirement dated May 7, 2004. The Examiner rejected claims 1-5 under 35 U.S.C. §101 because they are directed to non-statutory subject matter. The Examiner rejected claims 17-21 under 35 U.S.C. §112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention, and rejected claims 1-5, 17-21, and 32 under 35 U.S.C. §103(a). The Examiner did not completely specify the references being cited in the section 103(a) rejection, however, from the comments section, Applicant assumes claims 1-5, 17-21, and 32 were rejected under 35 U.S.C. §103(a) as being unpatentable over Woolston (United States Patent Number 6,266,651 B1), and further in view of Silverman et al. (United States Patent Number 5,924,082).

The present invention is directed to a centralized financial market management system and method that permit individual investors to trade over a network. The disclosed centralized financial market management system automatically identifies bids that are in proximity to one another and permits participants to negotiate directly in order to consummate a transaction. The disclosed centralized financial market management system permits each participant in the financial security trading market to have a unique definition of its market structure. A participant can establish various market segments, each corresponding to a group of other market participants, within the push market where bids are posted. Thus, the submitter of a bid (buy or sell) can narrowly focus the bid on select market participants. A large transaction (buy or sell) can be divided by the bid submitter into smaller units and divided over a number of market segments.

The specification has been amended to correct typographical errors.

Restriction Requirement

The Examiner acknowledged Applicant's election with traverse of Group I: claims 1-5, 17-21, and 32 and advised that the non-elected claims should be cancelled.

Claims 6-16, 22-31, and 33-36 have been cancelled in accordance with the
5 Examiner's recommendation.

Section 101 Rejections

Claims 1-5 were rejected under 35 U.S.C. §101 because they are directed to non-statutory subject matter. Regarding claim 1, the Examiner asserts that the claim is drawn to a method for processing transactions involving financial securities that is not
10 tied to any technological art and because they lack any recitation of technology in the body of the claims.

The Supreme Court has stated that the "[t]ransformation and reduction of an article 'to a different state or thing' is the clue to patentability of a process claim." *Gottshalk v. Benson*, 409 U.S. 63, 70, 175 U.S.P.Q. (BNA) 676 (1972). In other words,
15 claims that require some kind of transformation of subject matter, which has been held to include intangible subject matter, such as data or signals, that are representative of or constitute physical activity or objects have been held to comply with Section 101. *See, for example, In re Warmerdam*, 31 U.S.P.Q.2d (BNA) 1754, 1759 n.5 (Fed. Cir. 1994) or *In re Schrader*, 22 F.3d 290, 295, 30 U.S.P.Q.2d (BNA) 1455, 1459 n.12 (Fed. Cir.
20 1994).

The cited claims require the posting of a received bid only to authorized market segments. This transformation to post bids in this manner is a useful, concrete, and tangible result.

Thus, Applicant submits that each of the claims 1-5 are in full compliance
25 with 35 U.S.C. §101, and accordingly, respectfully requests that the rejection under 35 U.S.C. §101 be withdrawn.

Independent Claims 1, 17 and 32

Independent claims 1, 17, and 32 were rejected under 35 U.S.C. §103(a) are rejected as being unpatentable over Woolston, and further in view of Silverman et al.
30 Regarding claims 1, 17, and 32, the Examiner notes that Woolston teaches establishing a plurality of market segments (col. 1, lines 51-57, the tiers constitute the market segments)

and that both Woolston and Silverman are concerned with the problem of processing transactions involving two parties.

Applicant notes that Woolston is directed to a two-tiered electronic market system for bidding on used and collectible goods (col. 1, lines 43-56). The present
5 invention, on the other hand, is directed to bidding for *financial securities in a secondary market*. Applicant notes that the application of the known techniques cited in Woolston to secondary financial markets is not obvious. In fact, the secondary market for financial securities is ***substantially different*** from the marketplace for used and collectible goods disclosed by Woolston, as would be apparent to a person of ordinary skill in the art. For
10 example, the secondary market for financial securities is characterized by price fluctuations that make it difficult to post bids and, since each financial security typically has its own set of requirements and risks, the evaluation and comparison of two different securities is nearly impossible.

Furthermore, Woolston defines market segments along the lines of
15 wholesale, retail, etc. (see, Abstract). The present invention defines a market segment as “a group of other market participants to which the respective market participant is willing to announce its bids.” (Page 4, lines 18-20.) Thus, the segments defined by Woolston are ***not*** the same type of segments defined by the present invention. Independent claims 1, 17, and 32, as amended, require establishing a plurality of market *segments* in a
20 *secondary market* for bidding on *financial securities*.

Thus, Woolston does not disclose or suggest the step of establishing a plurality of market segments in a secondary market, as required by independent claims 1, 17, and 32, as amended.

Additional Cited References

25 Silverman et al. were also cited by the Examiner for its disclosure of the step of establishing a communication channel between entities associated with two bids that are in proximity. Silverman is directed to a matching system that uses trading and ranking information from each user to identify transactions between counterparties that are mutually acceptable based on the ranking information, thereby matching potential
30 counterparties to a transaction. (See, Abstract.) Silverman does not address the issue of establishing a plurality of market segments in a secondary market for financial securities.

• Thus, Silverman et al. do not disclose or suggest the step of establishing a plurality of market segments in a secondary market, as required by independent claims 1, 17, and 32, as amended.

Dependent Claims 2-5 and 18-21

5 Dependent claims 2-5 and 18-21 were rejected under 35 U.S.C. §103(a) are rejected as being unpatentable over Woolston, and further in view of Silverman et al.

Claims 2-5 and 18-21 are dependent on claims 1 and 17, respectively, and are therefore patentably distinguished over Woolston and Silverman et al. (alone or in any combination) because of their dependency from amended independent claims 1 and 10 17 for the reasons set forth above, as well as other elements these claims add in combination to their base claim.

All of the pending claims following entry of the amendments, i.e., claims 1-5, 17-21 and 32, are in condition for allowance and such favorable action is earnestly solicited.

15 If any outstanding issues remain, or if the Examiner has any further suggestions for expediting allowance of this application, the Examiner is invited to contact the undersigned at the telephone number indicated below.

The Examiner's attention to this matter is appreciated.

20 Respectfully submitted,



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